

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	Chapter 7 Proceeding
)	
DURACO PRODUCTS, INC.)	Case No. 08-31353
)	
Debtor,)	Hon. Eugene R. Wedoff
)	

FINAL REPORT OF DURACO PRODUCTS, INC., AS DEBTOR-IN-POSSESSION

To: The Honorable Eugene R. Wedoff, United States Bankruptcy Judge

Duraco Products, Inc. (the "Debtor"), hereby submits its Final Report in accordance with Fed. R. Bankr. P. 1019(5)(1)(ii).

1. On November 18, 2008, the Debtor filed a voluntary petition for relief under Chapter of Title 11 of the United States Code. An order for relief was entered on that day.
2. From November 18, 2008 to February 17, 2010, the Debtor operated as a debtor in possession. On February 17, 2010 the Court entered an order converting this case to a case under chapter 7. Eugene Crane has been appointed as the Chapter 7 Trustee (the "Chapter 7 Trustee") for the Debtor's estate.
3. A summary of the Debtor's Final Report for the period November 18, 2008 to February 17, 2010 is as follows:

a) GROSS RECEIPTS	\$	\$13,637,383.38	*
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GROSS RECEIPTS, which are Invoices generated by the Debtor from November 18, 2008 to February 17, 2010. GROSS RECEIPTS are factored by the Debtor. Per the contractual agreement between Debtor and its factoring companies, the Debtor should have received (NET RECEIPTS) an amount equal to 80% of GROSS RECEIPTS, which did not occur.

* The GROSS RECEIPTS include an estimated \$2.6 million of Canadian GROSS RECEIPTS (Invoices Generated), however, that amount is approximated due to failure of the Debtor's factoring company, Franklin Capital Network, LLC – Highland Park, Illinois ("Franklin Capital"), to provide any accounting or provide

any monies to the Debtor resulting from the factoring of those Canadian accounts. Since the Debtor has no information regarding those accounts, they are not included, as estimates or otherwise, in the operating reports filed by the Debtor in this case.

b) GROSS COLLECTIONS RECEIPTS \$ \$13,368,398.37

(Money Collected by Debtor's factoring companies from November 18th, 2008 to February 17th, 2010. Per the contractual agreement between Debtor and its factoring companies, the Debtor should have received 20% of GROSS COLLECTIONS RECEIPTS, less fees, which did not occur).

c) BEGINNING BANK BALANCE \$ 1,559.20

d) NET RECEIPTS \$ 7,352,812.50 *

(Money advanced against GROSS RECEIPTS & money received from GROSS COLLECTIONS RECEIPTS for the Debtor's factoring companies)

* NET RECIEPTS are inclusive of \$186,243.64, which is composed of cash contributions made by Kevin Lynch during the Chapter 11 portion of this bankruptcy case and non-factored receivables belonging to the Debtor.

* Per the contractual agreement between the Debtor and Franklin Capital, the Debtor should have received 80% of GROSS RECEIPTS, which are included in paragraph 3(a) herein, and the Debtor should have received 20%, less fees, of GROSS COLLECTION RECEIPTS, which are included in paragraph 3(b) herein. Per the term of the contractual agreements between the Debtor and its factoring companies, there is an approximate over \$5.5 million unaccounted for (missing) from November 18, 2008 to February 17, 2010. Despite numerous requests (formal and informal) by the Debtor, and its attorneys, Franklin Capital has refused and otherwise failed to comply with all requests for an accounting and Franklin Capital blocked the Debtor's attempt to undertake a third party forensic audit. The Debtor's President has disclosed these facts to the Chapter 7 Trustee appointed in this case and previously disclosed these facts to the Debtor's counsel and to counsel for the Official Committee of Unsecured Creditors during the Chapter 11 portion of this bankruptcy case.

e) DISBURSEMENTS \$ \$7,672,376.29

f) NET CASH available for Chapter 7 Trustee \$ -52,206.25

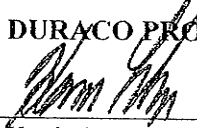
4. Attached hereto as Exhibit A are copies of the first page of the Debtor's Monthly Operating Reports from November 18, 2008 through February 17, 2010.

5. On April 26, 2010, the Debtor filed its Statement of Outstanding Post-Petition Debts in accordance with Fed. R. Bankr. P. 1019(5)(a)(ii). The total unpaid debts are listed as \$2,740,625.56 at this time.

Dated: May 12, 2010

Respectfully Submitted,

DURACO PRODUCTS, INC., Debtor

By: 
Kevin P. Lynch, Designated Party on
Behalf of the Debtor in Possession

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